91-1301

Supreme Court, U.S.
FILED
MAY 21 1991
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U.S. Supreme Court No_____
SUPREME COURT OF THE UNITED STATES
October Term 1990

RICHARD SOONG & CO. (USA), INC.,
Plaintiff/Counter Defendant
vs.
QUANTUM ASSOCIATES, INC.
and ARNOLD A. GAUB,
Defendant/Third Party Plaintiff
Appellant.

PETITION FOR WRIT OF CERTIORARI FROM THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF OF THE APPELLANT

ARNOLD A GAUB, pro se
Appellant
P.O. Box 21
Alpine, Wyoming 83128
(307) 654-7500

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QUESTIONS PRESENTED FOR REVIEW

1.) Can the Trial Court, as upheld by the Appellate Court, abridge appellant's rights to the United States Trademark Protection Laws through a finding of liability with zero damages even though there was a demonstrated proof of sales in excess of 50,000 units of trademarked goods by the appellee.

2.) Was there an abuse of discretion by the Trial Court, as upheld by the Appellate Court, to fail to grant appellant costs as the prevailing party in view of State and Federal case decisions to the contrary, and to an express provision in the California Statues.

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REFERENCES OF OFFICIAL REPORTS OF OF OPINIONS

The Judgement on the Verdict by the U.S. District Court, Central District of California, awarded appellant liability with zero damages on June 1, 1987. Appellant motioned for a new trial on the issue of damages since a Trademark violation was in conflict with zero damages. The Court denied the motion on July 22, 1987. On appeal, the Ninth Circuit Court of Appeals affirmed the trial court on January 10, 1991. The appellant's Petition for Rehearing was denied on February 22, 1991.

JURISDICTION

This petition for Writ of Certiorari

is brought pursuant to Rule 10 of the Supreme Court. The proceedings from which this case arose were held in the United States District Court, Central District of California, and judgement was entered on June 1, 1987. Appellant motioned for a new trial on the issue of damages since a Trademark violation was in conflict with the zero damage award. The Court denied the motion on July 22, 1987. The matter was timely appealed to the Ninth Circuit Court of Appeals which affirmed the trial court on January 10, 1991. A Petition for Rehearing was denied on February 22, 1991.

The appellant, Arnold A. Gaub in pro se, is properly before this court as stipulated in the Preconference Trial

orders, in that all claims are asserted by either Arnold A. Gaub, or his fully held corporation, Quantum Associates, Inc. (CR-283 pp. 80,82,85).

Jurisdiction is further conferred upon this Court pursuant to Rule 10 of the Supreme Court in that a United States Court of Appeals has rendered a decision in conflict with the decisions of previous Ninth Circuit Court decisions on the same matters, and has further sustained such a departure by a lower court as to call for an exercise of this Court's power of supervision.

Jurisdiction is also conferred to the Supreme Court, for the trial court, as upheld by the Appellate Court, has decided an important question in a lower

court that abridged the Federal Trademark Laws by awarding liability with zero damages on proven and admitted sales of over 50,000 trademarked units by the appellee.

CONSTITUTIONAL PROVISIONS, TREATISES, STATUTES, AND REGULATIONS

1.) Lanham Act 15 USC. 1051 (a) (1)

2.) 15 USC. 1117

3.) 15 USC. 1125 Sec. 43a

4.) California Civil Code Section 1032

5.) 7B. Witkin, California Procedure, "Judgement" Section 92

6.) 6 J. Moore. W. Taggart & J. Wicker. Moore's Federal Practice. Section S4.70 [4] at 54-325 to 54-326 (at 987)

STATEMENT OF THE CASE

Jurisdiction is appropriate to this Court in that it is an appeal from a decision rendered in the Federal District Court for the Central District of California, and was brought pursuant to Rule 4 of the Rules of Appellate procedure. The lower court had jurisdiction on the subject matter, persons, and amount of this case pursuant to 18 USC. Sec. 1965, and 28 USC. Sec. 1391 (c) & (b).; Also due to the diversity of citizenship of the parties, the Federal Courts had proper jurisdiction. (CR-283 p.2)

The Writ of Certiorari is taken from an appeal to the Ninth Circuit Court of

Appeals, which affirmed the trial cou
and from a Petition for Rehearing to
Ninth Circuit Court of Appeals which w
denied on February 22, 1991. The notic
for the Ninth Circuit Court of Appea
were timely filed. (CR-433)

This action came before the U.S
District Court for the Central Distri
of California on complaint and counte
complaint and was tried before a jury
(CR-134 & 139) The jury returned its
verdict on May 29, 1987, granting
judgement on appellee's complaint and
also judgement on appellant's counter
complaint. The jury granted liability
with zero damages to both parties. (CR-
394) Appellant filed a motion for a new
trial on the issue of liability with zero

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damage being in conflict with proven Trademark Violation sales, and to determine appellant the prevailing party for purposes of awarding costs and fees since California statutes allowed prevailing party status to one who defeats an action by a counter-claim. (CR-421 & 426) The court denied the same on July 22, 1987. (CR-431 & 432) Arnold A. Gaub, in pro se, appealed to the Ninth Circuit Court which affirmed the lower court on January 10, 1991. (CR-433) The Appellant's Petition for Rehearing was denied on February 22, 1991.

ARGUMENT

I Trademark Abridged

This case is brought to U.S. Supreme

Court as it involves a very fundamental principle that lies at the heart of an individual's constitutional guarantees. That is, a District Court Jury, as upheld by the Appellate Court, does not have the power to abridge an individual's Trademark Protection by a finding of liability while yet awarding zero damages to appellant for the admitted profitable sales of over Three Million Dollars and 50,000 units of trademarked goods by the appellee. One wonders what guiding principles of equity were used by the courts to arrive at such a decision, other than to say that appellant received a fair trial and a just outcome. Were emotions or some other unfair process at work to reach this conclusion? It is

likely, since thirteen days of a deadlocked jury were involved. An even more basic principle in question is: does a U.S. Trademark, with the discretion of the courts, have zero value when a foreign entity decides to pass goods into this country, irrespective of the Lanham Act, as has happened in this case? If so, then the Trademark provisions and the Lanham Act laws are a sham being perpetuated on the businessman of the United States when international commerce is being conducted in this country. In fact, there is no purpose for the Trademark Law if unlawful use of the mark warrants zero damages.

Most important, neither the District Court nor the appellate Court dealt with

appellant's continuing complaint of the appellee's admitted profitable sale of over 50,000 units of trademarked goods and one million in profit, but three million in profit when correcting the appellee's accounting error on his profit and loss statement. (Pltf's Ex-150) But yet, incredibly, both lower courts specifically pointed out that appellant "received a fair trial and a just outcome" when considering the equities of the situation. Further, the Appellate Court ruled that the District Court did not abuse its discretion in its denial to appellant on ordering a new trial on the issue of damages. Under these circumstances, if the inequities of this situation does not demonstrate judicial

abuse, as it involves a deliberate distribution of another's trademarked goods at a huge profit, then there is likely no valid abuse of discretion applicable to this or any other case anywhere.

There are a number of Federal Court decisions in direct conflict with the decision handed down to the appellant. In Landsberg vs. Scrabble Crossword Game Players, Inc, 802 F.2d 1193 (9th Cir. 1986), the court found that by merely the showing of a trademarked product to another who copied the product without permission or payment was adequate grounds for recovery of profits as well

as damages. The Lanham Act, 15 USC., S.1125 Sec 35 & 43a, by statute, allows for recovery of lost profits under its claims. In other Federal cases, Playboy Enterprises, Inc. vs. P.K. Sorren Export Co., 546 F. Supp 987 (S.D. Fla. 1982), the court found that recovery for both lost sales and defendant's profits is proper on Lanham Act cases. The Ninth Circuit itself reiterated the concept that the trial court's function should center on making any violation of the Lanham Act unprofitable to the infringing party. Mair Brewing Co. vs. Fleishman Distilling Corp., 390 F.2d 117 (9th Cir.) cert denied, 391 U.S. 966, 88 S. Ct. 2037, 20 L.Ed.2d 879 (1968). See Playboy Enterprises, Inc. v. Baccarat Clothing

Co., 692 F.2d 1272 (9th Cir.1982). Furthermore, the purpose of 15 U.S.C. S1117 is to "take all the economic incentive out of trademark infringement" Polo Fashions, Inc. v. Dick Bruhn, Inc., 793 F.2d 1132 (9th Cir.1986). Thus in appellant's case, the Ninth Circuit in their decision affirming the District Court, rendered a decision in conflict with their own previous decisions as well as decisions of other U.S. Court's of Appeal.

As concerns California Law, the appellant was entitled to recover the profits through other's manufactured and sale of its trademarked products. The principle involved in recovery for such actions was stated quite well in an early

California trademark case:

> "No one will deny that on every principle of reason and justice the owner of the trademark is entitled to so much of the profit as resulted from the use of the trademark. The difficulty lies in ascertaining what proportion of the profit is due to the trademark, and what to the intrinsic value of the commodity; and as this cannot be ascertained with any reasonable certainty, it is more consonant with reason and justice that the owner of the trademark should have the whole profit than that he should be deprived of any part of it by the fraudulent act of the defendant.

It is the same principle which is applicable to a confusion of goods. If one wrongfully mixes his own goods with those of another, so that they cannot be distinguished and separated, he shall lose the whole, for the reason that the fault is his; and it is but just that he should suffer the loss rather than an innocent party, who in no degree contributed to the wrong. I think, therefore, there was no error in awarding to the plaintiff the whole profit made by the defendant." Graham v. Plate, 40 Cal. 593, 598-99 (1871)

Thus a clear trail of abuse discretion can be discerned in

appellant's case when both Federal and California case law are reviewed and compared with appellant's case as the decisions were rendered in conflict with those cases.

As concerns an abuse of discretion in failure to grant appellant a new trial, the grounds for granting a new trial were stated by the United States Supreme Court in Montgomery Ward & Co. v. Duncan, 311 U.S. 243, 251, 61 S.Ct. 189, 85 L.Ed. 147 (1940):

> "The motion for new trial may invoke the discretion of the court in so far as it is bottomed on the claim that the verdict is against the weight of the evidence, that the damages are excessive, or that, for

other reasons, the trail was not fair to the party moving; and may raise questions of law arising out of alleged substantial errors in admission or rejection of evidence or instructions to the jury." See also, Lewis v. Elliott, 628 F.Supp 512, 516 d(D.D.C.1986); 11 C. Wright, A. Miller & E. Cooper, Federal Practice and Procedures S 2805 (1973).

Montgomery Ward has been succinctly summarized by the Ninth Circuit to provide:

"A trial judge may grant a new trial in order to prevent fundamental unfairness or a miscarriage of justice." City of Phoenix v.

Com/Systems, Inc., 706 F.2d 1033, 1036 (9th Cir. 1983); Peacock v. Board of Regents, 597 F.2d 163, 165 (9th Cir. 1979); Alma v. Manufacturers Hanover Trust Co., 684 F.2d 622, 625 (9th Cir. 1982)

More specifically, a new trial may be ordered by the district court if, in its opinion, the jury's verdict was clearly contrary to the weight of the evidence. William Inglis & Sons Baking Co. v. ITT Continental Baking Co., Inc., 668 F.2d 1014, 1027 (9th Cir. 1981), cert. denied, 459 U.S.825, 103 S.Ct 57, 74 L.Ed.2d 61 (1982); Real v. Continental Group, Inc., 627 F.Supp. 434, 439 (N.D.Cal. 1986)

II ABUSE OF DISCRETION ON AWARD OF COSTS

Both Federal and California Law Statutes agree with appellant's contentions that appellants be determined the prevailing party for purposes of being awarded costs and fees, and the court's decision contrary to appellant's contention are in direct conflict with earlier California decisions. This court may consider California Law relating to costs since all of appellant's claims were diversity claims. Miron v. Apco., 289 F.Supp. 915, 916 (E.D. Wis. 1968) The express provisions in statutes include California Civil Code, Sec. 1032, and 7 B. Witkin, California Procedure, "Judgement" S 92. Federal case law

includes Scientific Holding Co, Ltd. v. Plessey Incorporated, 510 F.2d 15 (2nd Cir. 1974) Both the California Statutes and the Federal case law agree that the appellant's failure to prevail on a counterclaim does not deprive him of his right to costs as a successful defendant in the plaintiff's action. (Appellant's Excerpts of Records pp.172-174)

The Court in citing Moore's Federal Practice, 54.70 (4), at 54-329 (1990), made specific reference to the fact that the trial court cannot use its discretion in awarding the prevailing party costs when an "express provision in a statute or rule" provides otherwise. The District Court of Appeals of California in Gerstein v. Smirl 70 Cal.App. 2d 238,

3. Costs 32(5), stated:

> "A defendant could recover costs although denied relief on cross-complaint, where verdict also denied plaintiff any relief and hence plaintiff's action was defeated. California Code of Civil Procedures 438, 439, 442, 1032

The allowance of costs to the prevailing party in view of those statutes cannot be overridden by a trial courts discretion, without an abuse of discretion, despite the equal outcome of the suit. The Gerstein v. Smirl court in the section given goes on to state:

> "The statute (Sec. 1032 (b), C.C.P.) provides that "Costs

are allowed of course---to the defendant upon a judgement in his favor." It does not lie within the province of the court to engraft upon the statute a provision that, although a defendant has defeated plaintiff's claim, he shall nevertheless be deprived of his costs because he sets up a counterclaim in conformity with the aforesaid sections of the Code of Civil Procedure rather than waive his right to proceed against plaintiff upon a cause of action which grows out of the transaction that gave rise to plaintiff's complaint."

The apparent conflict with the

decision of the Gerstein v. Smirl court is further clarified by Judges York and Doran of that case in the same section when they state:

> "A defendant could recover costs although denied relief on cross-complaint when verdict also denied plaintiff any relief and hence plaintiff's action was defeated. Civil Code Procedures 438, 439, 442, 1032"

Therefore, a trial court decision in contradiction to the aforementioned statutes and previous case law appears to confirm an abuse of discretion by the Iowa court. Such conflict of decisions destroys continuity of the applicable law

and statutes.

CONCLUSION

The appellant asks the Supreme Court of the United States to hear this case to affirm that indeed there is an abridgement of the Trademark Protection Laws in this case as well as Lanham Act provisions, since liability was awarded and yet zero damages were given to appellant on proven admitted sales of over 50,000 units of trademarked goods by the appellee comprising in excess of Three Million Dollars in profits to appellee.

DATED THIS 20TH DAY OF MAY, 1991.

ARNOLD A. GAUB/in pro se

P.O. Box 21

Alpine, Wyoming 83128

(307) 654-7500

Arnold A. Gaub

CERTIFICATE OF MAILING

I certify that three true and correct copies of the foregoing PETITION FOR WRIT OF CERTIORARI of the Appellant, Arnold A. Gaub, was mailed to the opposing counsel via the U.S. Mail, postage prepaid to:

JAMES S. WILLAMS

MCCASHIN & MCNUTT

11150 W. Olympic Blvd., Ste. 900

Los Angeles, California 90064

on the 21st day of May, 1991. (Reprinting sent June 13, 1991)

Arnold A. Gaub

Arnold A. Gaub

Footnote: There is no parent or subsidiary company of the appellants.

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

RICHARD SOONG & CO. (USA), INC, a Corporation, Plaintiff

vs

QUANTUM & ASSOCIATES, INC, a Corp, ARNOLD GAUB, an indiv, and AL GAUB, an indiv, Defendant

CV83-5726-WJR (Gx)

JUDGMENT ON THE VERDICT

(For Plaintiff)

(Filed June 1, 1987, Clerk, U.S. District Court, Central District of California

This cause having been tried by the Court and a Jury, before the Honorable William J. Rea, Judge presiding, and the issues having been duly tried and the Jury having duly rendered its verdict;

now, therefore, pursuant to the verdict,

IT IS ORDERED, ADJUDGED AND DECREED that the plaintiff(s) Plaintiff Richard Soong & Co. (USA), on the complaint & award damages in the total amount of $0.00 (zero) compensatory damages and $0.00 (zero) punitive damages.

Counterclaimant Quantum & Associates, Inc., and Arnold Gaub, on the Counterclaim & award damages in the total amount of $0.00 (zero) compensatory damages and $0.00 (zero) punitive damages.

have and recover of and from the defendant(s)_____

_____

_____the sum of

_____Dollars

_____, together with costs,

taxed in the sum of _____.

(Entered Clerk, U.S. District Court,____

_____ 1987, This constitutes Notice of Entry as required by FRCP, Rule 77(d).)

Leonard A Brosnan, Clerk

United States District Court

Dated: 06-01-87 By (Entered 6-4-87)

Deputy Clerk

JUDGMENT ON THE VERDICT (FOR PLAINTIFF) THIS CONSTITUTES NOTICE OF ENTRY AS REQUIRED BY FROP, RULE 77(d).

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

RICHARD SOONG & CO. (U.S.A.), INC.,

Plaintiff

v.

QUANTUM ASSOCIATES, INC., ARNOLD GAUB, An individual, and AL GAUB, an individual,

Defendants.

AND RELATED COUNTERCLAIM.

CV 83-5726 WJR

ORDER DENYING NEW TRIAL AND DENYING JNOV

(Filed Jul 23, 1987, Clerk, U.S. District Court, Central District of California

(Entered, Clerk, U.S. District Court, Jul 27, 1987)

On the matter of counterclaimants' Motion for New Trial and Counterdefendant's Motion for JNOV now

before this Court, the Court having considered the papers filed in support thereof and in opposition thereto and having heard oral argument,

IT IS HEREBY ORDERED that the Motion for new Trial is DENIED. Further, IT IS HEREBY ORDERED that the Motion for JNOV is DENIED.

In support of this Order, the Court finds as follows:

The verdict on the counterclaimants' counterclaims finding liability but awarding no damages was supported by the weight of the evidence. Furthermore, the plaintiff's presentation of evidence on the patent application filed by Mr. Criddle on behalf of Mr. Gaub did not prejudice or confuse the jury. The

counterclaimants received a fair trial and a just outcome. City of Phoenix v. Com/Systems, Inc., 706 F.2d 1033, 1036 (9th Cir. 1983).

The evidence, when viewed most favorably to counterclaimants, can support a verdict of liability against Lilly Soong in counterclaimants' favor. Criswell v. Western Airlines, Inc., 709 F. 2d 544, 551 (9th Cir. 1983).

Dated: July 22, 1987 (Entered 7-27-87)

WILLIAM J. REA

UNITED STATES DISTRICT JUDGE

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

RICHARD SOONG & CO. (USA), INC., a corporation

Plaintiff,

vs.

QUANTUM ASSOCIATES, INC., a corporation, ARNOLD GAUB, an Individual,

Defendants.

AND RELATED COUNTERCLAIM.

CASE NO. CV 83-5726 WJR (Gx)

ORDER RE:

1. MOTION TO DETERMINE PREVAILING PARTY; AND
2. MOTION FOR ALLOWANCE OF ATTORNEYS FEES.

DATE: July 27, 1987

TIME: 10:00 a.m.

COURTROOM: "10"

The Motion of the defendants and counter-claimants Quantum Associates, Inc., and Arnold Gaub (hereinafter collectively, "Quantum") To Determine

Prevailing Party Pursuant To Local Rule 16 and the Motion of plaintiff and counter-defendants Richard Soong & Co., Inc. ("Soong"), having come on regularly for hearing before this Court, the Court having heard the arguments of counsel and being fully informed:

IT IS ORDERED that neither Soong nor Quantum is the prevailing party in this action; and

IT IS FURTHER ORDERED that Soong's Motion for Allowance of Attorneys Fees is denied.

Dated: (Entered 8-2-87)

The Honorable William J. Rea
United States District Judge

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

RICHARD SOONG & CO. (USA), INC.,

Plaintiff/Counter-Defendant/Appellee,

v.

QUANTUM ASSOCIATES, INC.,

Defendant/Third-Party-Plaintiff,

and

ARNOLD A. GAUB,

Defendant/Third-Party-Plaintiff/Appellant.

No. 87-6310 D.C. No. CV-83-5726-WJR

MEMORANDUM*

***This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as**

Appeal from the United States District Court for the Central District of California. William J. Rea, District Judge, Presiding. Argued and Submitted January 8, 1991, Pasadena, California

Before: ALARCON, NORRIS, and WIGGINS, Circuit Judges (Filed Jan 10, 1991, Cathy A Catterson, Clerk, U.S. Court of Appeals)

Appellant Arnold A. Gaub appeals the district court's order denying his motion for a new trial, or, in the alternative,

> "A new trial of the particular issue of damages suffered by Quantum".

Appellant's Motion for new Trial,

provided by Ninth Circuit Rule 36-3.

Appellant's Excerpts of Record ("AER") 135; see District Court Order Denying New Trial, AER 177. Appellant also appeals the district court's order denying him prevailing party status. See District Court Order Re: Motion to Determine Prevailing Party, AER 179. We affirm the district court's orders.1

We review for abuse of discretion a district court's denial of a motion for a new trial. Glanzman v. Uniroyal, Inc., 892 F.2d 58, 59 (9th Cir. 1989).

1 As we affirm the district court's judgment, we do not reach appellee's claim that appellant failed to comply with Federal Rule of Appellate Procedure 28(e), by failing to present a complete

Appellant urged upon the district court two bases upon which it should grant a new trial. First, he argued that the jury awarded him zero damages despite

> "Overwhelming evidence as to the actual damages suffered by Quantum".

See Appellant's Motion for new Trial, AER 105. Second, he argued that the jury was presented with prejudicial and irrelevant evidence. See id.

We hold that the trial court did not abuse its discretion in refusing to order a new trial based on the jury award of zero damages. As appellee notes, appellant points to almost no evidence regarding the fact of damage and **record or make proper references to the record.**

causation. See Appellee's Brief at 13. The closest appellant comes to addressing these crucial issues[2] is his argument that analysis of both parties' business records indicated that approximately 50% of appellee's sales of the allegedly copied units were made to Quantum's customers, and his statement that Quantum's

> "Long presence in the market as well as the verifiable quality of the product distributed by Quantum, dictate(d) that Quantum could and would have made each of these sales made by (appellee)."

2 On the importance of the causation requirement see 6 B. Witkin, Summary of California Law, Torts SS 1323-24 (1988);

Appellant's Brief at 19-20. Given the paucity of evidence on these crucial issues, we hold it was within the district court's discretion to deny appellant's request for a new trial on this basis.[3]

Second, appellant argued in his motion for a new trial that the district court erred in allowing evidence concerning appellant's patent claim to be heard by the jury, arguing that this

B. Witkin, Summary of California Law, Contracts S 814 (1988). On the requirement of the fact of damages, see 6 B. Witkin, Summary of California Law, Torts S 1325 (1988).

3 The fact that appellant prevailed on certain Lanham Act claims does not

evidence was, among other things, prejudicial, irrelevant and confusing. In its order denying appellant's motion for a new trial, the district court explicitly held that this evidence did not prejudice or confuse the jury. See District Court Order Denying New Trial, AER 178.

change this result. The district court's denial of appellant's motion does not constitute an abuse of discretion given the Lanham Act's broad grant of discretion to the trial court to consider equitable principles when considering monetary awards to successful claimants. See 15 U.S.C. S 1117 (a) (successful plaintiff's right to recover subject to principles of equity). The district

The district court did not abuse its discretion in denying the motion for a new trial based on the admission of the allegedly prejudicial evidence. Indeed, appellant gives no persuasive reason why the evidence prejudiced his chance for a fair trial. Appellant merely argues that the subject of the testimony was

> "A highly technical and confusing area of the law",

court's holding, it its order denying the motion for a new trial, that appellant "received a fair trial and a just outcome" suggests that the district court considered the equities of the situation. See District Court Order Denying New Trial, AER 178. This holding was not an abuse of discretion.

whose admission resulted in

> "An undue diversion of the attention and focus of the jury to issues which were ultimately irrelevant to the claims to be decided by the jury."

Appellant's Brief at 28. As described by appellant, the challenged evidence might perhaps cast appellant in an unfavorable light. However, the potential prejudice does not rise to a level sufficient to require the district court to exercise its discretion to grant a new trial.

In response to appellant's argument that the evidence was irrelevant, we need only point to Moran v. H.W.S. Lumber Co., 538 F2d 238 (9th Cir. 1976), where we held that

"The admission or exclusion of evidence on grounds of relevancy is in the federal courts a matter for the trial court's judgment, and is not a ground for reversal unless such action is inconsistent with substantial justice". Id. at 243. Appellant's argument does not convince us that the admission of this evidence was inconsistent with substantial justice. The district court's denial of a new trial on this basis was therefore not an abuse of discretion.

Finally, appellant argues that the district court abused its discretion in failing to designate him as the overall prevailing party in the suit for purposes of cost allocation. See Order Re: Motion

to Determine Prevailing Party and Motion for Allowance of Attorney's Fees, AER at 179-180. We review for abuse of discretion the district court's award of costs. Airflex Corp. v. Underwriters Laboratories, 914 F.2d 175,176 (9th Cir. 1990) (per curiam).

We hold that the district court did not abuse its discretion in refusing to award costs to appellant. The roughly equal outcome of the suit, in which the jury found in favor of appellee on its original complaint, and in favor of appellant on his counterclaim, and awarded zero damages to each party, militates against a finding that the district court abused its discretion in refusing to shift all costs onto one of

the parties. Even if appellant had been the prevailing party, the district court would still have the discretion to allocate costs based on other factors. See 6 J. Moore, W. Taggart & J. Wicker, Moore's Federal Practice, Para. 54.70 (4), at 54-329 (1990) ("(S)ince, apart from an express provision in a statute or rule, the allowance of costs to the prevailing party is not an inexorable principle and the court in its discretion can direct otherwise, when the court exercises its discretion the identification of the prevailing party may become so unimportant as to be almost immaterial.") (footnotes omitted). In this case, we hold that the jury's verdicts on liability and damages were

clearly sufficient for us to hold that the district court did not abuse its discretion in refusing to designate appellant as the prevailing party and shift all costs onto appellee.

AFFIRMED.

(Entered June 6, 1990)

NOT FOR PUBLICATION

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

RICHARD SOONG & CO. (USA), INC.,

Plaintiff/Counter-Defendant/Appellee,

v.

QUANTUM ASSOCIATES, INC.,

Defendant/Third-Party-Plaintiff,

and

ARNOLD A. GAUB,

Defendant/Third-Party-Plaintiff/Appellant.

No. 87-6310 D.C. No. CV-83-5726-WJR

ORDER

Before: ALARCON, NORRIS, and WIGGINS, Circuit Judges

The petition for rehearing, filed January 23, 1991, is hereby

DENIED.

(Filed Feb 22, 1991, Clerk, U.S. Court of Appeals)

CONSTITUTIONAL PROVISIONS, TREATISES, STATUTES, AND REGULATIONS

Lanham Act 15 U.S.C. 1051 (a) (1) "...no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to likely, when applied to the goods of such other person, to cause confusion, or to cause mistake or to deceive."

15 U.S.C. 1117 When a violation of any right of the registrant of a mark registered in the patent and trademark office shall have been established in any civil action arising under this act (15

USC 1051), the plaintiff shall be entitled, subject to the provisions of sections 29 & 32 (15 USC 1111 & 1114), and subject to the principles of equity, to recover (1) defendants profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action.... If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its direction enter judgement for such sum as the court shall find to be just, according to the circumstances of the case.

15 USC 1125 Sec. 43A "....any person who, on or in connection with any goods or services, or any container for goods,

uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which-

(1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(2) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another's goods,

services, or commercial activities- shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act....."

CALIFORNIA CIVIL CODE Sec 1032(b) "...costs are allowed of course---to the defendant upon a judgement in his favor". It does not lie within the province of the court to engraft upon the statute a provision that, although a defendant has defeated plaintiff's claim, he shall nevertheless be deprived of his costs because he sets up a counter-claim in conformity with the aforesaid sections of the code of Civil Procedure rather than waive his right to proceed against plaintiff upon a cause of action which

grows out of the transaction that gave rise to plaintiff's complaint."

7 B. Witkin, California Procedure "Judgement" Section 92d (the defendant/counterclaimant's failure to prevail on a counterclaim "does not deprive him of his right (to costs) as a successful defendant in the plaintiff's action.)

6 J. Moore. W. Taggart & J. Wicker, Moore's Federal Practice. Section 54.70 (4) at 55-325 to 54-326 (at 987)

> "But if defendant asserts a counterclaim which presents no issue requiring proof outside the scope of plaintiff's claim, even though the

plaintiff prevails on the counterclaim costs may be taxed in favor of the defendant as the prevailing party, where plaintiff fails to sustain his original claim."